

**Minnesota Workers' Compensation Insurers Association, Inc.**

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MWCIA

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ALL ASSOCIATION MEMBERS

Circular Letter No. 96-1257

RE: NCCI Item B-1331 -- Revisions of Basic Manual Classifications and Related Rules

The Minnesota Department of Commerce has approved the following revisions to the Basic Manual classifications and related rules effective January 1, 1997.

The first revision is in reference to the treatment of roller skating rink operations. Currently, the National Council classifies such operations for rating purposes with Code 9016 - Amusement Park or exhibition operation & Drivers. After a review by the National Council, it has been determined that the overall operations of a roller skating rink more closely resemble the operations of Code 9093 - Bowling lane. The common operations of bowling lanes and roller skating rinks consist of renting skates/shoes, collecting fees, maintaining hardwood surfaces (lanes/rinks), operating food and beverage concessions and/or restaurant facilities, and selling bowling/skating equipment.

In addition to the homogeneity of operations between bowling lanes and roller skating rinks, on a national basis the Council has found the experience of roller skating rink operations to more favorably compare with that of bowling lane operations. As a result, National Council proposed the re-assignment of Roller Skating Rink operations from Code 9016 to Code 9093. As the annual percentage of payroll for the roller skating rink group appears to be a small percentage of the total payroll found in Code 9016, its removal from this code should have a minimal impact on the pure premium base rates and rating values for that classification. Additionally, the inclusion of roller skating rinks into Code 9093 - Bowling Lane should have a minimal effect on the development of rates for this classification and will generally result in a reduced rate for those in the roller skating rink industry due to this proposed change. Please note that the change in classification affects only the roller skating rinks and that the ice skating rink operations will continue to be classified under Code 9016.

The second revision is to eliminate Code 7219 - Trucking NOC - all employees & Drivers in favor of two new classifications for employers in the contract hauling industry. NCCI conducted a review of the trucking industry and has identified two separate and homogeneous groups within the present classification. These two groups consist of local hauling and long distance hauling. National Council points out that the automobile insurance industry has long recognized the distinction between the exposures presented by local and long haul trucking operations and suggests that these exposures vary similarly with respect to workers' compensation insurance. It should be pointed out that the two classifications proposed by the National Council have been in use by Missouri since the 1930's. Based on Missouri's experience, National Council believes that the new classifications should develop pure premium base rates and rating values which will reflect the individual group's experience over time. Code 7219 - Trucking NOC - all employees & Drivers, therefore will be discontinued and two new classifications, Code 7228 - Trucking - Local hauling only & Drivers, and Code 7229 - Trucking - Long Distance hauling & Drivers will be established. For purposes of classifying, local will be defined as a 200 mile radius from the point of principal garaging. Further clarification of the determination of "local" for these purposes is provided under Code 7228's footnote. The introductory pure premium base rates and rating values for Code 7228 and Code 7229 will be those of Code 7219 until such time as they develop sufficient statistics for ratemaking purposes.

The attached exhibits demonstrate the changes to the Basic Manual and Retrospective Rating Plan Manual.

The Department of Commerce requests that we remind Minnesota Workers' Compensation Insurers Association members that the above filing will automatically apply to each member of MWCIA unless that member files an exception with the

Department of Commerce. This filing should indicate the member does not intend to utilize the filing or adopt a filing of their own. It must be submitted to the Department of Commerce for review and approval.

Very truly yours,

JOHN P. HILDEBRANDT

President